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SPECIAL FEATURE
FEAR OF FRANCHISING
A behind-the-scenes account of a franchise collapse

THE LOST ART OF SELLING

The Founder of Neiman-Marcus on the Decline of Retailing

PAGE 40

PAGE 138

The Mentor System: Growing Your Own Managers

PAGE 52

What M.B.A.s Think About Entrepreneurship: An Exclusive Poll

PAGE 152

Executive Forum: Why Drug Testing Won't Work

PAGE 35

The New Economy: Is Manufacturing Really Dead? By David L. Birch

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CONTENTS

FEATURES

52 THE CLASS OF '87
Breaking Away *BY BRUCE G. POSNER*
This year's crop of M.B.A.s has more in mind than investment banking and high-paying consulting jobs

88 PACIFIC INC.
The Chinese Way of Business *BY JOEL KOTKIN*
What appears to be a good old-fashioned family business may be a $100-million international conglomerate

95 WASHINGTON
A Farewell to Arms *BY JAY FINEGAN*
How the cancellation of just one weapons program closed a major defense contractor and left hundreds of suppliers in the lurch

104 **Fear of Franchising** *BY CURTIS HARTMAN*
The sorry saga of Carol Brothers, who seduced the press, the industry, and scores of franchisees with the false promise of 'the next McDonald's'

COLUMNS

25 **Required Reading:** Dear Andy. *BY JOHN CASE*
When he's not running Intel, Andrew Grove dispenses management advice to the troubled and profitless

31 **Start-ups:** Spokeswoman. *BY PAUL B. BROWN*
Georgena Terry, erstwhile financial analyst, stockbroker, student, and engineer, has finally found a home: making bikes that really are built for women

35 **The New Economy:** Is Manufacturing Dead? *BY DAVID L. BIRCH*
The answer, the numbers insist, is a resounding no. In fact, our manufacturers may be the most innovative businesspeople in the country

138 **Management:** The Mentor System. *BY LISA R. SHEERAN AND DONNA FENN*
Like so many company owners, Jim Poure knew that his greatest challenge was to find experienced managers for General Alum—so he developed a plan to grow his own

145 **Marketing:** Which Customer Is Always Right? *BY DAVID E. GUMPERT*
Companies that don't sell directly to their end-users often wind up paying more attention to their distributors than to their ultimate consumers. FireKing's profits come from figuring out how to satisfy both

149 **Capital:** What Do Bankers Want? *BY THOMAS E. BENNETT JR.*
What bankers look for may not coincide with what you're prepared to show

152 **Executive Forum:** Why Drug Testing Is a Bad Idea. *BY LEWIS L. MALTBY*
Drug testing is inaccurate. Worse still, it's bad management

DEPARTMENTS

7 **Letters:** Entrepreneurs learn from experience

10 **Insider:** The $5 Clothing Store; Update: Morse Cutting Tool

40 INC. COVER STORY
Face-to-Face: Merchant Prince Stanley Marcus

138 **Hands On:** A Manager's Notebook

162 **Investing in Growth Companies/Street Talk**

INC. COVER STORY

40 Merchant Prince
Stanley Marcus on the retailing trade

52 The Class of '87
A survey of this year's B-school graduates

104 Franchising
Carol Brothers and her franchise fiasco

COVER PHOTOGRAPH
by
Jeff Baker

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THE CLASS OF '87
BREAKING AWAY

This year's crop of M.B.A.s has more in mind than investment banking and high-paying consulting jobs

BY BRUCE G. POSNER

MEET JULIE SPEAR MERRITT. SHE IS a bright, energetic young woman, a former triathlon competitor, from Houston. For six years, she worked as a geological engineer with Shell Oil Co., helping to select sites for drilling in the Gulf Coast region. Then, a couple of years ago, she quit. "There was more routine office work in the job than I wanted," Merritt says. "I was bored." This fall, she plans to start a new career, possibly working for a small furniture or real estate development company in North Carolina. She expects to make substantially less than she was earning at Shell, but that doesn't bother her. "I want to get up every morning and *like* what I do."

Julie Merritt is an M.B.A.

So, for that matter, is 23-year-old Shawn Hornsby, an equally bright and energetic young man from north central Illinois. As a child, he had always assumed that he would someday wind up running the chain of discount variety stores his grandfather had founded in 1922. But two and a half years ago, as Hornsby was completing his undergraduate work at Illinois Wesleyan University, his father decided to sell the company. Shawn went off to Indiana University's Graduate School of Business not knowing exactly what he would do when he got out.

Somewhere along the way, he developed the notion of starting his own business, perhaps a chain of fast-food restaurants. His idea was to locate them in small towns with populations of 10,000 or so, much like the towns where his grandfather had set up discount stores more than 60 years before. If all goes well, Hornsby will launch the venture this summer. And he has a partner—his father. "My father never went to college," he says. "He's learned by doing. But I think he's impressed with the stuff I've learned at business school. He thinks I'm different from the M.B.A.s he's read about."

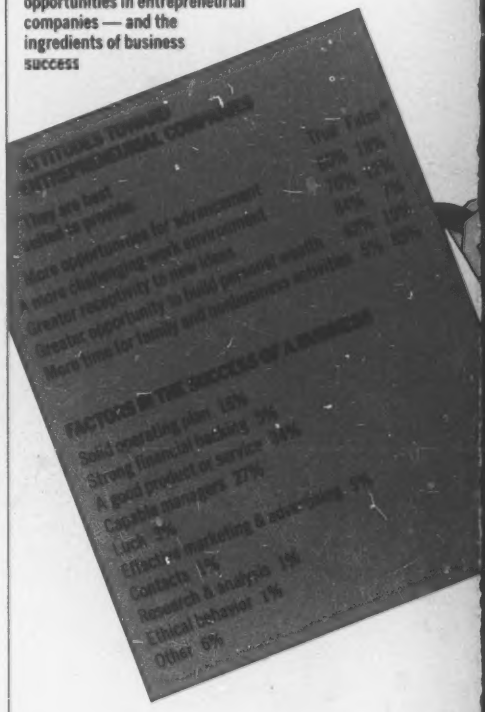
Julie Merritt and Shawn Hornsby are, indeed, different from the M.B.A.s we've all read about. They are not the smug, pinstriped, fast-track go-getters who have been blamed for everything from the fatal myopia of large corporations to the rampant corruption on Wall Street. They do not think that two years in a classroom has taught them all they need to know about running a company. Nor do they expect to conquer the world at any point in the near future, while being paid a six-figure starting salary for doing it. Rather, they are the type of bright, resourceful, roll-up-your-sleeves young people that most growing companies would be happy to have as employees, or customers, or suppliers. The question is: are they typical of their classmates or the exceptions that prove the rule?

That's an important question, if only because of the sheer number of M.B.A.s being unleashed on America these days. This June, the nation's business schools will graduate the largest class in history, more than 70,000 new masters of business administration. To put this figure in perspective, consider that the class of '87 is almost as large as the total number of M.B.A.s produced during the entire decade of the 1960s. We're talking about a thirteenfold increase in business-school enrollment

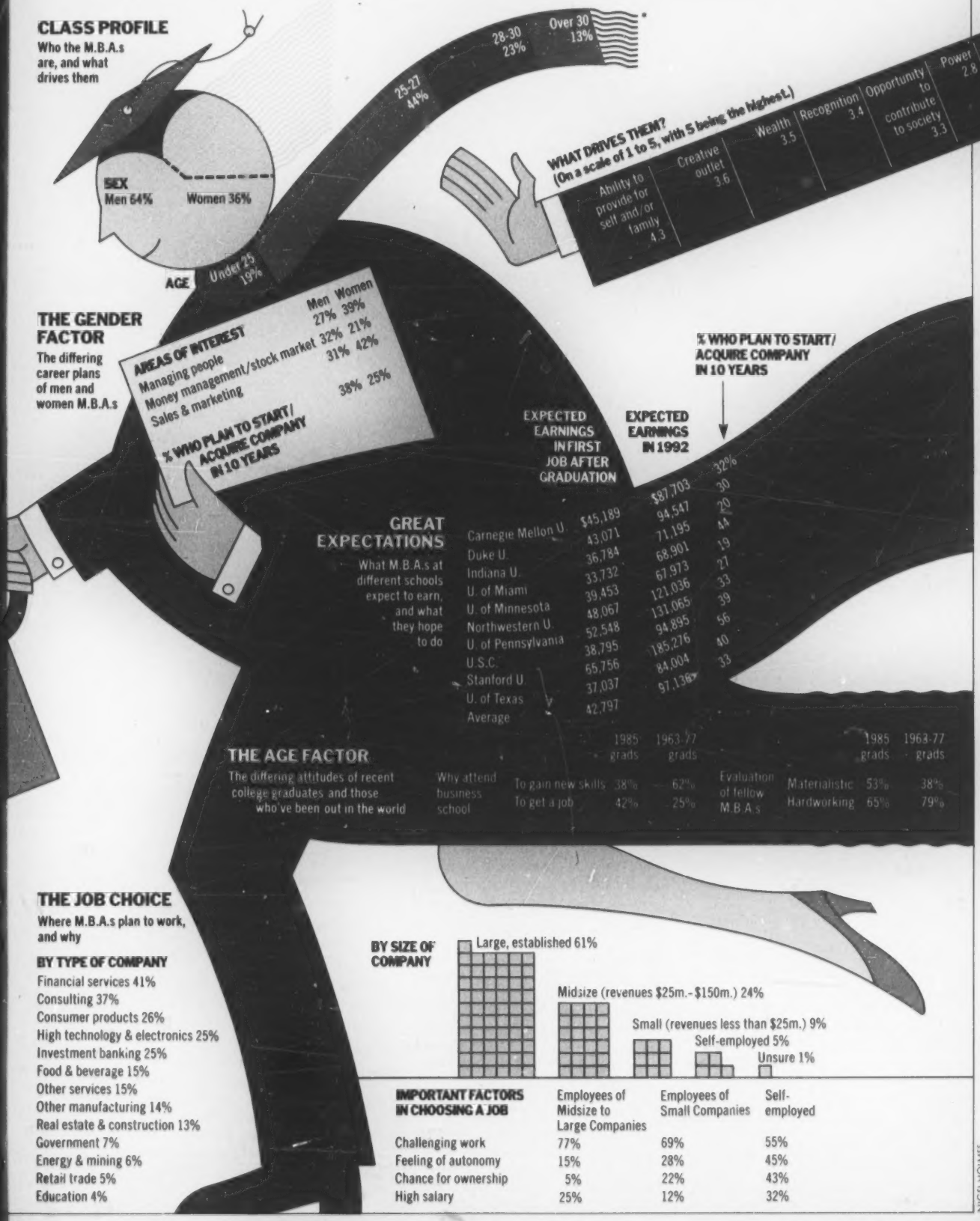
THE CLASS OF '87: AT A GLANCE

WHAT M.B.A.s THINK ABOUT YOU

How the current class views the opportunities in entrepreneurial companies — and the ingredients of business success


ATTITUDES TOWARD ENTREPRENEURIAL COMPANIES
They are best suited to provide
More opportunities for advancement
A more challenging work environment
Greater receptivity to new ideas
Greater opportunity to build personal wealth
More time for family and outside activities
FACTORS IN THE SUCCESS OF A BUSINESS
Solid operating plan 15%
Strong financial backing 3%
A good product or service 19%
Capable managers 27%
Luck 3%
Effective marketing & advertising 5%
Contacts 1%
Research & analysis 1%
Ethical behavior 1%
Other 6%

*Where there was no response or no opinion was given, the figures are omitted.


CLASS PROFILE
Who the M.B.A.s are, and what drives them
SEX
Men 64%
Women 36%
AGE
Under 25 19%
25-27 44%
28-30 23%
Over 30 13%
WHAT DRIVES THEM?
(On a scale of 1 to 5, with 5 being the highest.)
Ability to provide for self and/or family 4.3
Creative outlet 3.6
Wealth 3.5
Recognition 3.4
Opportunity to contribute to society 3.3
Power 2.8
THE GENDER FACTOR
The differing career plans of men and women M.B.A.s
Men Women
AREAS OF INTEREST
Managing people 27% 39%
Money management/stock market 32% 21%
Sales & marketing 31% 42%
% WHO PLAN TO START/ ACQUIRE COMPANY IN 10 YEARS 38% 25%
% WHO PLAN TO START/ ACQUIRE COMPANY IN 10 YEARS
GREAT EXPECTATIONS
What M.B.A.s at different schools expect to earn, and what they hope to do
EXPECTED EARNINGS IN FIRST JOB AFTER GRADUATION
EXPECTED EARNINGS IN 1992
Carnegie Mellon U. $45,189 $87,703 32%
Duke U. 43,071 94,547 30
Indiana U. 36,784 71,195 20
U. of Miami 33,732 68,901 44
U. of Minnesota 39,453 67,973 19
Northwestern U. 48,067 121,036 27
U. of Pennsylvania 52,548 131,065 33
U.S.C. 38,795 94,895 39
Stanford U. 65,756 185,276 56
U. of Texas 37,037 84,004 40
Average 42,797 97,136 33
THE AGE FACTOR
The differing attitudes of recent college graduates and those who've been out in the world
1985 grads 1963-77 grads
Why attend business school
To gain new skills 38% 62%
To get a job 42% 25%
Evaluation of fellow M.B.A.s
1985 grads 1963-77 grads
Materialistic 53% 38%
Hardworking 65% 79%
THE JOB CHOICE
Where M.B.A.s plan to work, and why
BY TYPE OF COMPANY
Financial services 41%
Consulting 37%
Consumer products 26%
High technology & electronics 25%
Investment banking 25%
Food & beverage 15%
Other services 15%
Other manufacturing 14%
Real estate & construction 13%
Government 7%
Energy & mining 6%
Retail trade 5%
Education 4%
BY SIZE OF COMPANY
Large, established 61%
Midsize (revenues $25m.-$150m.) 24%
Small (revenues less than $25m.) 9%
Self-employed 5%
Unsure 1%
IMPORTANT FACTORS IN CHOOSING A JOB
Employees of Midsize to Large Companies
Employees of Small Companies
Self-employed
Challenging work 77% 69% 55%
Feeling of autonomy 15% 28% 45%
Chance for ownership 5% 22% 43%
High salary 25% 12% 32%
NIGEL HOLMES

ZIGY KALUZNY

JULIE SPEAR MERRITT

Age: 30

Hometown: Houston

Undergraduate Degree: Southern Methodist University

Business School: Graduate School of Business, University of Texas at Austin

Last Job: Geological engineer for Shell Oil Co.

Immediate Plans: To move to North Carolina with her husband and find a job with a furniture maker or a real estate developer

Long-term Goal: To have her own company that markets architecture-related products

Greatest Achievement: Placing among the top 20 women in the Heart of Dixie Triathlon in 1982

Business Hero: H. Ross Perot

Quote: "I would love to be part of something that's successful and to help it become even more successful."

over the past 25 years, a 50% increase over the past 10. More people are now graduating from business school each year than from medical school and law school combined.

The trend, moreover, shows no signs of abating. On the contrary, it has become institutionalized. The number of master's degree business programs has increased 67%, from 389 to 650, since 1974, when somebody first began to keep track of such things. Back in 1962, Harvard University alone accounted for some 12% of the country's annual crop of M.B.A.s. Today, the figure is 1.1% and falling. Meanwhile, more young people decide each year to turn their attention to business, and to get there by way of an M.B.A. degree.

Who are they? Why did they go to business school? Where are they headed, and where do they hope to end up? What do they want from the companies they work for, and what do they expect to find? And how have they been shaped by the events of their times? This is, after all, a generation that grew up after Vietnam and after Watergate. Most of them entered college at about the same time Ronald Reagan became President; now they are graduating from business school as he prepares to step down. By and large, they have no memory of an era when large U.S. corporations seemed invincible to foreign or domestic challenge. Rather, they have seen the decline of one major American industry after another; the rise of the entrepreneur; and, more recently, the scandals on Wall Street. How have these graduates been affected by all this, and what impact are they themselves likely to have on the American economy in years to come?

With such questions in mind, we set out to survey a cross section of the M.B.A. class of '87, as represented by the graduating students at 10 respected business schools around the country. (See box, "How the Survey Was Conducted," page 62.) We asked them questions on subjects ranging from their family backgrounds to their career plans to their attitudes toward business in general and small companies in particular. In all, we distributed 1,500 questionnaires (150 per school) and received 907 replies.

The results provide a portrait of an M.B.A. class that is not only larger than those of 10 or 20 years ago, but different. For one thing, it is much more heterogenous, in part because it includes people who probably would not have gone to business school in the past—people such as Glenda Johnson, a 27-year-old black woman from Miami.

Nine years ago, Johnson was finishing up high school and planning to enroll at Cornell University as a premed student. Then she heard a recruitment speech by Sybil C. Mobley, the dynamic dean of Florida A & M University's business school, who inspired her to switch colleges and careers. This month, she is receiving her M.B.A. from the University of Pennsylvania's Wharton School of Business and heading off for a job as a financial analyst with Burger King Corp., in preparation for owning her own company. "Business is where the best opportunities are," she says. "I think I'll be able to benefit other people as much by being in business as I could have in medicine."

Not that Johnson is typical of the class of '87. Like previous classes, it is predominantly white (81%), male (64%), and young: two-thirds of its members are 24 to 28 years of age. As for the future, the majority (61%) plan to go to work for large corporations (defined as companies with sales greater than $150 million) with another 24% headed for midsize companies (with sales between $25 million and $150 million). Their occupations of choice are still financial services (41%) and consulting (37%), and their salary expectations are still high. On average, the M.B.A.s we polled figure they'll make close to $43,000 in the first year out of business school; five years down the line, they plan to be earning more than $97,000 a year.

But if all this suggests that many of this year's M.B.A.s *do* fit the popular stereotype, it also tends to hide the large number who don't.

Consider, for example, Steve Prelosky, a 30-year-old engineer at Carnegie Mellon University's Graduate School of Industrial Administration. Unlike most of his classmates, Prelosky already has a lot of big-company experience. After graduating from Pennsylvania State University in 1979 with a degree in mechanical engineering, he spent six years working for General Electric Co. There he did a variety of jobs, at one point even traveling to the Middle East to sell parts for gas turbine engines. The longer he worked, however, the more convinced he became that his future lay outside a large company. As markets matured, he saw his opportunities for advancement dry up, and—with them—the promise of job

RICK DIERINGER

SHAWN HORNSBY

Age: 23

Hometown: Morris, Ill.

Undergraduate Degree: Illinois Wesleyan University

Business School: Graduate School of Business, Indiana University

Immediate Plans: To start a fast-food business with his father

Long-term Goal: To build a regional or national company

Favorite Book: *Going For It!* by Victor Kiam

Quote: "There's a kind of recognition and pride you get when you own a company. I got a glimpse of that watching my dad when I was growing up. At a big company, you're a very small part of what's going on."

MARK BOLSTER

STEVE PRELOSKY

Age: 30

Hometown: Pittsburgh

Undergraduate Degree: Pennsylvania State University

Business School: Graduate School of Industrial Administration, Carnegie Mellon University

Last Job: Salesman for General Electric Co.

Immediate Plans: To be a financial planner for a small chemical company

Long-term Goal: To own the company

Greatest Achievement: Managing sales of a GE product in the Middle East

Business Hero: Frederick W. Smith of Federal Express Corp.

Quote: "I've seen the way big companies work. They can provide you with a really nice job, but there's no guarantee it will lead anywhere."

security. Finally, he decided to quit and go to business school. "With my wife working and no kids, I felt it was a good time to take a risk," he says.

Last winter, in the midst of his second year, Prelosky got wind of a part-time job with a young Pittsburgh-based company, a $5-million business that produces carbon dioxide for industrial uses. The founder, a friend of his family, was thinking about adding capacity and asked Prelosky to crunch some numbers. "I analyzed the profit-and-loss margins under several different scenarios, things I didn't even know how to do before going to business school." His findings convinced the company to proceed with the expansion—and to offer Prelosky a full-time position on its finance staff.

In the new job, Prelosky expects to have many new opportunities and challenges. "Besides working on the financial end of the business, I plan to have some input into marketing and to bring in some business," he says. His salary is $4,000 or $5,000 less than the $40,000 he was making at GE, but now he has 10% of the equity of a growing company. "My goal is to help this company grow and to make to sure that we stay lean, because that's our advantage."

Prelosky is not alone in deciding to cast his lot with a smaller company. Of the graduating M.B.A.s we polled, 9% said that they plan to seek employment in companies with sales of $25 million or less. That may not sound like many—until you consider that, extrapolated, it represents more people than the entire M.B.A. class of 1962.

Unfortunately, those who do want to work for smaller companies face a vexing problem: finding jobs. While the major corporations, investment banks, and consulting firms make annual pilgrimages to business schools, smaller companies tend to stay away. "Not many of them are big on recruitment," says Lee A. Junkans, director of career services and placement at Duke University's Fuqua School of Business. "So it's up to the student to locate these companies."

That is often a major undertaking. Kay Branz, for example, has been spending hour upon hour reading the classified ads and searching for information about small businesses in the Chicago area, while she finishes up her degree from Northwestern University's J. L. Kellogg Graduate School of Management. "The opportunities aren't staring you in the face," she says. "You have to get out and shake the bushes." In early April, most of her classmates were responding to job offers from large companies. Branz, however, had yet to latch on to anything.

Nor, for that matter, had Steven Szafara, a Philadelphia native who is getting his M.B.A. from Wharton. Szafara, 27, was looking for a marketing or staff job with a small manufacturing business, preferably in the Philadelphia area. "I enjoy creating things," he says. "It's part of my personality." He passed the word to everyone he knew, even some headhunters. "You name it," says Szafara, "and I was doing it." Finally, late in April, he landed a consulting position with an accounting firm—long after most of his classmates had lined up their postgraduation jobs.

There are, of course, some lucky ones who don't have to look far for a small company in need of their services. Carol Sabransky, for one, is thinking about heading back to the chain of pharmacies her father owns. That's not what she had in mind when she enrolled in Indiana University's M.B.A. program in January 1986. After managing one of the pharmacies, on the north side of Chicago, she had decided, at the age of 32, that it was time to move on to bigger things. She thought of becoming a lending officer at a bank, or a brand manager with a large consumer products company. But the more she learned about those options, the more attractive the family business became. The grass, she concluded, is greener on her own side of the fence.

Sabransky is well aware that competition in the retail drug market is getting more and more cutthroat. "These days, it's an accomplishment just to stay alive." But her business-school training has opened her eyes to possibilities she didn't see before. "I'd want to do a lot more market research, but I think there's a way we could expand our business by emphasizing service. And besides," she adds, "I really think I'd get lost in a big company. I need to see the difference I make."

The same goes for Patricia Sheehy, whose father owns several car dealerships in the Northeast. Although she finally accepted a position as a commercial lender in a bank, the 26-year-old M.B.A. from Duke was greatly tempted to return to the family business. "Where else would I have an opportunity to learn about the whole business?" she asks seriously, then laughs. "That's something my father likes to kid me about. He thinks it's funny that M.B.A.s

STEVEN FALK

GLENDA JOHNSON

Age: 27

Hometown: Miami

Undergraduate Degree: Florida A & M University

Business School: The Wharton School of Business, University of Pennsylvania

Last Job: Financial analyst for Pepsi-Cola U.S.A.

Immediate Plans: To work in the financial department of Burger King Corp.

Long-term Goal: To achieve financial independence and have her own business

Business Hero: Sybil C. Mobley, Dean of Florida A & M University's School of Business and Industry

Quote: "I don't care what *Fortune* says. The smartest M.B.A.s aren't going to Wall Street. They're going into manufacturing, or they're starting companies."

LEON CORRY

LINDA STECKLEY

Age: 45

Hometown: West Chester, Pa.

Undergraduate Degree: Dickinson College

Business School: School of Business Administration, University of Miami

Current Job: Development director for the business school

Immediate Plans: To finish a fund-raising campaign for the university and then go into own executive search business

Long-term Goal: To build a quality service reputation that extends beyond Florida

Greatest Achievement: Helping the business school establish links to the Miami business community

Business Hero: Feminist Gloria Steinem

Quote: "Coming out of college in 1963, my options were to become either a teacher or a nurse. Now, with my M.B.A., I feel the opportunities are unlimited."

are always talking about finding 'challenging opportunities.' In his day, people looked for jobs."

Sheehy's father is right. The search for "challenging opportunities" is an almost monotonous refrain among this year's graduating M.B.A.s. Overall, they ranked "challenging work" and "company atmosphere" above everything else, even "high salary," as leading considerations in choosing their next job. The large majority, moreover, believe that entrepreneurial companies are best suited to provide those things. According to 65% of the respondents, such companies offer the best opportunities for advancement; 76% said they have a more challenging work environment; 84% said they are more receptive to new ideas; and 62% said they provide greater opportunity to build personal wealth. The one thing entrepreneurial companies do not offer, according to 85% of those polled, is "more time for family and nonbusiness activities." But, then, this year's M.B.A.s tend toward workaholism: on average, they plan to spend 56 hours a week on their new jobs.

So, given these plans and beliefs, why aren't more of them looking for positions in small, entrepreneurial companies? Perhaps because many of them intend to start their own. Fully one-third of the respondents say that they will start or acquire their own businesses within 10 years. Another 41% say that they might. Only 25% dismiss the possibility.

That represents a significant change in the attitude of business-school graduates. Granted, previous generations of M.B.A.s have founded a lot of companies over the years, but it was seldom something they planned on doing when they left business school. Rather, they generally headed off for jobs in large companies with every intention of staying there. Only when career options narrowed at the top did they decide to set out on their own.

Not so the current generation of M.B.A.s. Some of them already have their business plans written and are out looking for capital. Heather Wictum, for one, is in the midst of launching a new toy company, even as she prepares for her graduation from the University of Southern California's School of Business Administration. The company will specialize in what she calls "children's play environments." Its first product, a kit of plastic construction materials, will be aimed at families with little space in a backyard. She hopes to have prototypes ready by July. In the meantime, she is approaching investors for $50,000 in start-up financing.

Wictum, 30, is no novice when it comes to starting businesses. A textile-design major in college, she financed her undergraduate education by designing and selling shirts to a highly specialized market segment: bagpipers. Subsequently, she spent two years managing subcontractors for a San Francisco apparel company. That experience should come in handy in her new venture: in order to keep a lid on overhead, she plans to farm out the manufacturing. "We'll do our own light assembly work and packaging," she says, "and we'll focus on future products."

Peter Francis, a 34-year-old M.B.A. from Stanford University, is taking a different approach. He plans to spend the next few months looking for a small machine shop in the Seattle area, with the notion of purchasing it through some form of leveraged buyout. But that's just for openers. A trained machinist, he eventually hopes to branch out into computer-integrated manufacturing, which he considers a potentially enormous market. "I'll be applying automation to my own company," says Francis, whose father manufactures oceanographic equipment in Massachusetts. "And I hope to become good enough to sell this expertise to others."

Then there are those, such as Linda Steckley, who intend to start service businesses. Steckley, 45, is getting her M.B.A. from the University of Miami, where she has worked for several years as a fund-raiser. Along the way, she acquired great contacts. "But I didn't have the quantitative skills," she says, "and I didn't have the confidence." Now she plans to go into the executive search business, either on her own or as a partner in an existing firm. "Before I did my M.B.A., there was no way I would have started a business."

People such as Wictum, Francis, and Steckley are a distinct minority, however, accounting for only about 5% of the graduating M.B.A.s we polled. More typical are those who intend to get some additional experience and seasoning before setting off on their own. Of the M.B.A.s headed for large companies, 25% say that they will

JAMIE TANAKA

PETER FRANCIS

Age: 34

Hometown: Marion, Mass.

Undergraduate Degree: Middlebury College

Business School: Graduate School of Business, Stanford University

Last Job: Designer and engineer for Horizon Marine, a manufacturer of oceanographic instrumentation

Immediate Plans: To buy a manufacturing company in Seattle

Long-term Goal: To become a leader in computer-integrated manufacturing

Greatest Achievement: Sailing around the world in five and a half years

Extracurricular Activity: President of Stanford's Manufacturing Club

Quote: "My aim is to apply automation at my own company and become good enough to sell the technology to other companies."

have their own businesses within a decade. Many, of course, are reluctant to discuss those plans, for fear of antagonizing their next employers. But there are some who talk quite freely about their goals.

Jock Donaldson, for example, is a 30-year-old M.B.A. from the University of Minnesota's Curtis L. Carlson School of Management who has spent the past five years working for a heavy-duty automotive-parts manufacturer started by his grandfather. The company, with annual revenues of $260 million, is now publicly owned and run by professional managers. Donaldson feels that his business-school training has improved his chances for advancement in the company, but he doesn't intend to stay there long. Within the next three to five years, he hopes to buy or become a partner in a small manufacturing or distribution business. "I'd like to see an actual product," he says. "And I'd want it to be an industrial product, as opposed to a consumer one. The consumer is just too fickle for me."

David Lowenstein, a Duke M.B.A., also plans to acquire some big-company experience before going into his own company. The company he expects to go into, however, is his family's electrical supply business. "Business school taught me how to ask tough questions," says Lowenstein, 24. "But I need some really good experience in sales and marketing." For that reason, he has taken a training position in sales and marketing at General Foods Corp. "My father thinks it's a great company," he says. "And I think it will be a terrific place to learn."

To be sure, most of the would-be entrepreneurs in the class of '87 do not have family businesses to come back to after they've acquired the requisite experience elsewhere. Instead, they plan to start their own. After graduation from Duke's Fuqua School, for example, 25-year-old Steve Layne will "pay his dues" at D'Arcy Masius Benton & Bowles, one of Madison Avenue's premier advertising agencies, where he is taking a job as an assistant account executive. "I hope to absorb as much as I can about how the industry works," he says. "But I can't see myself working for someone else for the rest of my life." He eventually hopes to set up a marketing consulting firm geared toward smaller companies.

Lisa Nelson, an M.B.A. candidate at the University of Texas at Austin, has similar plans. She wants to work for a few years as a commercial loan officer in a bank before starting her own consulting business for minority entrepreneurs. Nelson, who is black, says she got the idea while studying economics at Michigan State University. "I was talking to a couple of friends, one in accounting, the other in finance. We all felt that minorities were missing out because so many of them didn't know how to put the pieces of a business together or refine their ideas." At Texas, she pitched the consulting concept to her roommates, both marketing majors, who were interested. "We plan to stay in touch over the next few years," Nelson says.

This is not to suggest that the M.B.A. class of '87 is teeming with future entrepreneurs. Let's face it: those who say they'll start or acquire their own companies may never get around to it. Those who think they just might do it may decide not to. And those who plan to stay in large companies probably will.

But even among the latter there are signs that attitudes are changing in ways that could affect the small-business sector in years to come. Consider Chris Hastings, a Wharton M.B.A. who intends to pursue a career at a major bank. He has no intention of leaving to start his own business—but the idea of lending to large corporations leaves him cold. "A big company like Exxon has plenty of options," he says. "They might get 30 different proposals and, 9 times out of 10, they'll make their decision based on price." Hastings thinks he would get more "psychic satisfaction" lending to smaller businesses, which tend to have fewer options. "It's a lot more exciting," he says, "because they really need you."

So what are we to make of all this? What clues does it give us about the future? After all, the current crop of business-school graduates is bound to influence our world in one way or another, if only by dint of numbers, and there are more M.B.A.s graduating every year. Among them are thousands of prospective employees, managers, partners, suppliers, customers, competitors, bankers, even bosses. And in 20 or 30 years, they will fill the top ranks of U.S. business. How will they lead? What impact will they have?

EDWARDO ALFANO

HEATHER WICTUM

Age: 30

Hometown: San Pablo, Calif.

Undergraduate Degree: Immaculate Heart College, Los Angeles

Business School: Graduate School of Business Administration, University of Southern California

Last Job: Quality-control supervisor for Byer of California, an apparel manufacturer

Immediate Plans: To start a toy company

Long-term Goal: To have several successful start-ups

Greatest Achievement: Paying for her undergraduate education by making shirts for bagpipers

Business Hero: Apple Computer Inc. former CEO and chairman A. C. "Mike" Markkula

Quote: "I intend to build a company that's so big in five years that I won't want to be there."

JOHN DeMARCO

JOCK DONALDSON

Age: 30

Hometown: Minneapolis

Undergraduate Degree: Colgate University

Business School: Curtis L. Carlson School of Management, University of Minnesota

Current Job: Internal auditor for Donaldson Co., an automotive-parts maker founded by his grandfather

Immediate Plans: To return to that company as marketing manager

Long-term Goal: To have his own manufacturing business

Greatest Achievement: Finishing M.B.A. while holding a full-time job

Business Hero: "My dad, Frank Donaldson"

Quote: "A lot of people think manufacturing is boring, but that's where the wealth comes from. I like being involved with a product you can actually see."

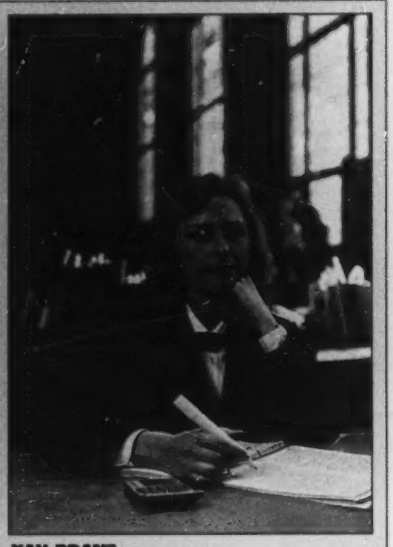
Thirty-eight years ago, *Fortune* asked similar questions about another group of college students, those who were receiving their undergraduate degrees in June 1949. It was a huge class by the standards of the day, including 150,000 men, 70% of whom were veterans. They had grown up during the Depression, gone to war, and come home to build families and careers. Most of them were going directly into business after graduation. (That was before the era of the M.B.A.) Searching for clues about the impact these seniors would have, *Fortune* conducted a survey. Its conclusions are chilling in the accuracy with which they foreshadow the history of corporate America over the next 30 years.

"Looking to big business for security, a cautious generation turns its back on venture," the article's subtitle began. The author, Holly Whyte, went on to explain: "Security, of course, can mean many things. In [the class of] '49's case it is bound up in people. Spiritually, it means working *for* people, in the sense of service, of justifying one's place in the community. Materially, it is, simply, working *under* them. The class of '49 wants to work for somebody else—preferably somebody big. No longer is small business the promised land. As for the idea of going into business for oneself, the idea is so seldom expressed as to seem an anachronism. 'I never saw a bunch that so wanted to make this free-enterprise system work,' says a professor of business administration, 'but they are interested in the system rather than the individual enterprise. They will be technicians—not owners.' "

Such attitudes were certainly understandable, given the experiences of that generation, and—at the time—they offered the hope of an economy that would function more smoothly than ever before, Whyte wrote. "If ever there was one, this will be a generation of managers. . . . Competence, certainly, '49 will supply in abundant measure, and never has there been a class so absorbed with the techniques—and the desirability—of making business more efficient."

And yet Whyte also expressed a gnawing concern about the class of '49. "Will this community-conscious group furnish any quota of free-swinging s.o.b.'s we seem to need for leavening the economy? Or will it be so intent on achieving a super-lubricated, integrated private enterprise—a sort of socialization by big business instead of government—that it will prefer a static, and thus more manageable, economy to a dynamic one? Will '49s, in short, be so tractable and harmonious as to be incapable, twenty or thirty years hence, of making provocative decisions?"

The answer can be found in the record of the *Fortune* 500 during the 1970s and early '80s. From that perspective, the class of '87 seems to offer us hope that, after nearly four decades, the pendulum has at last begun to swing back. □



ANDY GOODWIN

KAY BRANZ

Age: 35

Hometown: Chicago

Undergraduate Degree: Smith College

Business School: J. L. Kellogg Graduate School of Management, Northwestern University

Last Job: Administering a continuing education program for the Society of Actuaries

Immediate Plans: To work for a small operating or consulting business

Long-term Goal: To influence the direction of a company and have an impact on the world

Greatest Achievement: Raising a family while attending business school

Quote: "I went to college in the early '70s, and I still feel I have a responsibility to make things better."

DUANE SALSTRAND

STEVE LAYNE

Age: 25

Hometown: None—"My dad was in the Air Force."

Undergraduate Degree: Eckerd College

Business School: The Fuqua School of Business, Duke University

Immediate Plans: To work for D'Arcy Masius Benton & Bowles in New York City

Long-term Goal: To have his own advertising or marketing business

Greatest Achievement: Financing his way through undergraduate and graduate school

Quote: "I've always been a creative person, but business school has helped me structure the way I approach problems. It's given me a new set of tools."

HOW THE SURVEY WAS CONDUCTED

Early this year, we set out to survey members of the M.B.A. class of '87 with the goal of gaining some insight into who they are, what they believe, and where they are going. Toward that end, we compiled a five-page questionnaire, which we delivered in late February to 1,500 second-year M.B.A. students at 10 business schools around the country. The schools were: Carnegie Mellon University's Graduate School of Industrial Administration; Duke University's Fuqua School of Business; Indiana University's Graduate School of Business; Northwestern University's J. L. Kellogg Graduate School of Management; Stanford University's Graduate School of Business; the University of Miami's School of Business Administration; the University of Minnesota's Curtis L. Carlson School of Management; the University of Pennsylvania's Wharton School of Business; the University of Southern California's Graduate School of Business Administration; and the University of Texas at Austin's Graduate School of Business.

The schools were chosen with an eye toward obtaining as broad a cross section of the class as possible in terms of geography, type of program, and student background. At each school, we provided questionnaires to 150 randomly selected students. Of the 1,500 questionnaires distributed, 907 were completed and returned, for a response rate of 60%. Survey results were compiled by Data Tabulation Services Inc., in Stoneham, Mass. INC. special projects editor Sara Baer-Sinnott coordinated the entire process. Research assistance was provided by Teri Lammers.

A complete report of the survey results, covering all subjects included in the questionnaire, is available for $65. To obtain a copy, please contact special reports manager John Titus at (800) 372-0018.